

**STATE OF CALIFORNIA
CONSUMER POWER AND CONSERVATION
FINANCING AUTHORITY**

**September 7, 2001
Central Valley Auditorium
Sacramento, CA**

ATTENDANCE

Board Members Present:

Mr. S. David Freeman, Chairman
Ms. Sunne W. McPeak, Director
Mr. John Stevens, Director
Ms. Barbara Lloyd (representing Mr. Philip Angelides,
State Treasurer)
Ms. Ann Stausboll (representing Mr. Philip Angelides,
State Treasurer)

Board Members Absent:

Mr. Donald Vial, Director

Administrative staff present:

Mr. Gary Heath
Mr. B.B. Blevins
Mr. Kellan Fluckiger
Mr. Allen Sumner

Speakers:

Ms. Angela Ponciano, Department of
General Services
Mr. John White, Center for Energy Efficiency
& Renewable Technologies

Public Participation:

Mr. Danny Kennedy, Greenpeace
Ms. Pamela Van Camp
Mr. Dan Goldman and Mr. Steve
Dolby, Clipper Windpower/Citizens Energy
Mr. Steve Munson, Vulcan Power Company
Mr. Mack Shelor
Mr. Peter Cooper
Mr. Mike Hart, Sierra Railroad Company
Ms. Lisa Bicker
Mr. J.P. Ross, Energy Resources Group,
University of CA, Berkeley
Mr. Larry Voronyak, CleanGen, Inc.
Mr. Bob Feenstra, Milk Producers Council
Mr. Bill Bagley, Chino Organic Power
Mr. Stefan Bird, CalEnergy
Mr. Jim Harlan, Pacificorp Power Corp.
Mr. Kent Duysen, Sierra Power Corp.
Mr. Kristin Casper, Greenpeace
Mr. Gary Wayne, Powerlight Corp.
Mr. Mark Frederick, Blue Pacific Light & Power
Mr. Lloyd Forrest, Biomass Power Clients
Mr. Raju Yenamandra, Siemens Solar Industries
Ms. Antonia Scatton, Green Capitol
Mr. Bob Judd, California Biomass
Energy Alliance
Mr. Bob Hoffman, Minnesota Methane
Mr. Brad Reeves, Energy 2001
Ms. Jill Ratner, Rose Foundation for Communities
and the Environment
Mr. Tod O'Connor, Duke Solar
Mr. R. Wayne Sawya, Southern States Power

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Chairman Freeman called to order the meeting of the Consumer Power and Conservation Financing Authority (Authority) at 10:00 a.m. and established a quorum. Director McPeak lead the meeting in the Pledge of Allegiance.

Director McPeak made an opening comment complimenting Chairman Freeman for inviting counsel and encouraging public participation for better dialogue.

PUBLIC COMMENT

Presentations and/or speeches from members of the public (see list of participants under Public Participations).

GENERAL SESSION

The following agenda items were discussed in general session:

AGENDA: Item 1

Approval of Minutes

The Approval of Minutes was put over to the next board meeting.

AGENDA: Item 2

Chairman Report

Letters of Intent

Currently 2500 megawatts of renewable energy projects have been submitted and will be considered today. Peaker projects have also been proposed but will be taken up at the next board meeting. Additionally, the board is mandated to implement conservation projects. There is one project before the board today to consider for a Letter of Intent. A billion dollars has been allocated to fund loans implemented at the retail level through existing CPUC and CEC programs. This money will be recovered through electric bills.

RFPs

Staff is currently drafting RFPs for micro turbines, fuel cells, decentralized solar and central station solar. The RFPs will be available on the website for public comment. It is hoped that these facilities can be installed on state buildings to help with the high cost of retail electricity. In doing this, the state may help commercialize cleaner and newer decentralized technologies.

Investment Plan

Staff is working on an investment plan for electricity and natural gas for the state over the next ten years in cooperation with CPUC, CEC and CAISO. This is a major responsibility that the Legislature has mandated to the Authority. So far one meeting has been conducted with other agencies and another scheduled next Monday. Chairman Freeman suggested that someone be assigned to lead this effort with the concurrence of the other agencies.

Staff Recruitment

Currently there are candidates for Chief Executive Officer, General Counsel, Chief Financial Officer, and conservation lead. A review of the candidates will be discussed at the September 17 board meeting.

Budget

Currently, \$1.5 million of the \$10 million annual budget allocated has been/will be spent on infrastructure expenses, i.e. office space, staff resources to evaluate bids, etc. Staff is currently pursuing liability insurance. A revised budget will be reviewed at the next meeting as well as the process underway regarding the liability insurance.

The board meeting after September 17 is scheduled for October 5.

AGENDA: Item 3

Action Items

A) A 'Conflict of Interest Code' and a 'Statement of Incompatible Activities' and any addendums to these items

Ethic experts will be giving a lunchtime briefing to review the laws. The public is invited to attend. Chairman Freeman emphasized that the board is determined to develop a culture of the highest possible ethical standards and that the appearances of conflicts is just as important as actual conflicts.

B) The Authority's Mission Statement

There were no public comments regarding the proposed mission statement. On behalf of the Treasurer, Ms. Lloyd suggested amendments to the mission statement.

Motion: Director McPeak moved adoption of the mission statement incorporating the amendments and to approve this as the working mission statement recognizing it will periodically be revisited and perhaps amended. The first revisitation will be at the time the 180-day integrated report is completed. Ms. Lloyd seconded the motion.

Voice Vote: 4 Aye, 0 Nays, 1 Absent. Motion passed

C) An Interagency Agreement/Contract with the California Department of Water Resources (CDWR) to purchase the output from State generating facilities that are owned and/or leased by the Authority

Currently there is a draft of the master agreement but is not ready for board approval at this time.

D) Interagency Agreements with DGS, CEC, CEPA, and EOB for services and loan of positions and/or personnel

Gary Heath presented specifics of the interagency agreement with DGS, as earlier discussed at the last board meeting. The services being proposed are for accounting, purchasing of equipment, legal services contacting under for personnel services, etc. It is the staff's recommendation to secure a contractual agreement with DGS for these positions this fiscal year. Budget proposals for fiscal years 2002/03 will consider long-term staffing up to the level needed to support activities of the Authority for personnel, purchasing, and accounting. The current proposed contract is for \$500,000 billed on an hourly basis.

Chairman Freeman asked Mr. Heath to ensure that as a condition of the contract, anyone working for the Authority under contract will need to complete a Form 700 and cannot own any utility stock.

Motion: Director Stevens moved as amended the adoption of the contract. Chairman Freeman seconded the motion.

Voice Vote: 4 Aye, 0 Nays, 1 Absent. Motion passed.

Chairman Freeman explained as the acting CEO, he has been delegated the authority to hire lower level staff as needed. However, the statute states that all contracts are subject to board approval.

Motion: Director McPeak motioned to delegate to the Authority to hire appropriate staff and enter into contracts of up to \$200,000 to carry out the work of the Authority. Ms. Lloyd seconded the motion.

Voice Vote: 4 Aye, 0 Nays, 1 Absent. Motion passed.

E) The Release of a RFP for the sale to the state commercial solar photovoltaic (PV) cells for delivery commencing no later than October 1, 2002. The RFP contemplates award of two contracts for 10 megawatts per year for a four-year period

This issue will be brought back to the board at the next meeting after the proposals have been posted on the website for further comments.

F) Consideration of 'Letter(s) of Intent' with project developers that have presented and/or submitted proposals to the Authority

Chairman Freeman suggested that the board delegate him, as he is currently acting as executive director, the authority to sign letters of intent. Currently the board has received some 2500 megawatts of proposals in renewable energy. The board will probably not approve more than 1000 megawatts as a start. It is the board's responsibility to build up reserve megawatts for summer of 2002 and help meet whatever loads are needed as well as diversify the portfolio and bring in renewable energy.

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There was general discussion and comments on how the board should proceed in recognizing potential projects through due diligence and setting criteria. Chairman Freeman suggested that the criteria should be for public knowledge and this be brought back to the board at the September 17th meeting.

Motion: Chairman Freeman moved that the board delegate the Chairman, currently acting as executive director, the authority to enter into letters of intent with any and all people that make proposals with the understanding that these letters of intent are not binding on the Authority and are only an indication to proceed with the proposals through due diligence and all analysis, and a wish to bargain with the proposers. Ms. Lloyd seconded the motion.

Voice Vote: 4 Aye, 0 Nays, 1 Absent. Motion passed.

Director McPeak suggested and, Chairman Freeman agreed, that the Authority could play an important role in real-time pricing by providing the financing for real-time metering in cooperation with CPUC. Additionally staff is also looking at conservation efforts in the state, but again, any new projects will be in partnership with the CPUC.

G) Consideration of a contract(s) for service as prescribed by Public Utilities Code section 3340(c)

Allen Sumner explained that under the Bagley-Keene Open Meeting Act, the board is authorized to proceed with a need for immediate action to get staff on board after the notice of this hearing was released.

Motion: Director McPeak moved the finding of the need for action today to approve contracts for hiring of staff for the Authority. Ms. Lloyd seconded the motion

Voice Vote: 4 Aye, 0 Nays, 1 Absent. Motion passed.

Chairman Freeman asked the board for approval of the three-month period contract with Kellan Fluckiger at an hourly rate of \$190.

Motion: Director McPeak moved approval of the contract. Ms. Lloyd seconded the motion.

Voice Vote: 4 Aye, 0 Nays, 1 Absent. Motion passed.

CLOSED SESSION

The board did not adjourn to a closed session.

At 1:03 p.m. a training session on ethics was presented by Mr. Ted Prim of the Attorney General's Office and Ms. Luisa Mechaca of the Fair Political Practices Commission. The session was not reported.

CLOSING

Motion: Chairman Freeman called for a motion for adjournment.

Voice Vote: 4 Aye, 0 Nays, 1 Absent. Motion passed.

The meeting was adjourned at 2:38 p.m.